

MINUTES OF THE MEETING
INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 29, 1987

The seventeenth meeting of the Institutions and Cultural Education Subcommittee was called to order in room 202-A of the state capitol by Chairman Miller on January 29, 1987 at 8:11 a.m.

ROLL CALL: All members were present as were Keith Wolcott, Senior Analyst for the Legislative Fiscal Analyst (LFA); Alice Omang, secretary, George Harris of the Office of Budget and Program Planning (OBPP); Carroll South, Director of the Department of Institutions; and various other visitors and representatives of the Department.

VACANCY SAVINGS PROPOSED BILL: Chairman Miller informed the committee that this bill was heard before the Appropriations Committee and it needs a 3/4 vote and there was not enough votes there to push this along. He advised that the problem seems to be with the pooling aspect of the bill, but he thought they might be able to get some proposed legislation through if it is presented as a committee bill.

There was some discussion on the votes and the pooling aspects of the bill.

DEPARTMENT OF INSTITUTIONS:

Center for the Aged: Tape: 17-1-A:090

Mr. South introduced Gerry Butcher, Superintendent for the Center for the Aged, and Ron Balas, Business Manager for the Center. He advised that the money that comes to them for their services is money that the state does not see and it simply washes some of the costs. In FY 86, they spent \$2½ million and collected about \$1.8 million in revenue, of which \$1.1 million was Medicaid and \$600,000 private pay.

Mr. South informed the committee that they not only have nursing care patients at the Center, but they also have personal care patients, who do not really need the level of service that they provide and, consequently, Medicaid will not pay them for those individuals.

(130) Mr. Butcher stated that they have more patients who are in need of more care and need more assistance than have previously; that the age of the residents is increasing, i.e., in 1982, the average age was 74.1 and at the end of FY 86, it was 75.9; and their population is declining, going from 180 to 190 residents down to their present population of 168. He explained that gerontologists say that this is a temporary thing that is happening to nursing homes, due to the advent of home health care and personal care in the homes.

(230) Mr. Harris gave an overview of this budget as per exhibit 1. He said in order to meet the unfunded pay plan, their obligation was \$67,154 and there was an exception to this agency in terms of percentage reductions and \$35,760 was deleted from personal services and a total of 1.40 FTE (full time equivalent employee) was deleted. He indicated there were other base adjustment in the laundry contract and a 4% vacancy savings was applied. He advised that they arrived at about \$64,000 out of the \$67,000 that was needed.

(260) Mr. Wolcott reviewed the LFA budget as per exhibit 2, pages D-60 through D-63. He distributed exhibit 3, which outlines the differences between the LFA budget and the OBPP budget and presents the issues in personal services, operating expenses and equipment, and exhibit 4, which is the budget worksheet.

There was some discussion on food handling services and population trends along with problems in staffing and treatment programs available there and as compared with Warm Springs.

Institutions Subcommittee
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(17-1-B:090) Mr. Wolcott noted that there was a difference in health insurance between the LFA budget and the OBPP of \$12,420 each year and this is due to group insurance eligibility for aggregate positions. He explained that they have several people that they can call to come in as needed, and, in the past, they were not eligible for health insurance in these positions, but apparently, there was a change in the law and a shift in the policy in the Department and more of these people have become eligible for insurance.

Mr. Butcher explained that one of the benefits of aggregate positions is to prevent paying overtime.

Mr. Wolcott informed the committee that in equipment, the executive is \$18,800 below the LFA, primarily because of the Gemini food handling system and in 1989, the executive allowed a car, which the LFA did not. He also noted that under funding, there was a difference of \$2,400, for donations and he has no problem putting that in.

There was some discussion on the advisability of the food handling system versus a worker resident program.

EXECUTIVE SESSION:

Center for the Aged: (280) Chairman Miller asked that the Center provide them with information as to what vacancy savings they have had historically in direct care and for their other positions also.

(356) Senator Bengtson moved that they ACCEPT the executive's recommendation on FTEs in order to meet the pay plan base that was established in the special session and to come up as close as possible to the \$67,000 figure that was to come out of their budget. She continued that she felt that it was right to go ahead and get that tray plan to alleviate some of the problems in the food service, but she would recommend that they take off the additional FTE and take out 2.4 FTEs. She clarified that her motion would be that personal services be at 97.84 FTE with the anticipation of putting in the Gemini food service equipment.

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There was some discussion on this motion and a roll call vote was taken and the motion PASSED on a vote of 4 voting aye and 2 voting no. See roll call vote #1.

(560) Senator Bengtson moved that they ACCEPT the LFA's figures on operating expenses for both years of the biennium plus deleting the one-time expenditure of \$2,674. The motion CARRIED unanimously.

(588) Senator Bengtson moved that they ALLOW a biennial appropriation of \$25,000, which will cover the tray system and leave a balance for other equipment. The motion CARRIED unanimously.

Senator Bengtson moved under funding that they ACCEPT the executive's recommendation for appropriating \$2,400 each year for donations. The motion CARRIED unanimously.

FEASIBILITY OF SELLING VARIOUS STATE INSTITUTIONS: (17-2-A)

Chairman Miller noted that they were studying the feasibility of selling some of the institutions and one of them was the Center for the Aged.

Mr. South stated that a judge could have a sheriff deliver an inmate to the state prison and shackle him to the fence and the state is responsible.


There was considerable discussion about the responsibility and liability of the state in connection with the prisons and Montana State Hospital.

There were also comments on the effect of selling the Youth Treatment Center and Mr. South concluded that selling an institutions does not relieve the state of their responsibility.

ADJOURNMENT: There being no further business, the meeting was adjourned at 10:08 a.m.



REPRESENTATIVE MILLER, Chairman



Alice Omang, Secretary

DAILY ROLL CALL

INSTITUTIONS AND CULTURAL EDUCATION SUB COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date January 29, 1987

NAME	PRESENT	ABSENT	EXCUSED
Rep. Miller, Chairman	✓		
Sen. Bengtson, Vice Chairman	✓		
Sen. Haffey	✓		
Sen. Tveit	✓		
Rep. Menahan	✓		
Rep. Menke	✓		

ROLL CALL VOTE

INSTITUTIONS AND CULTURAL EDUCATION SUBCOMMITTEE

DATE January 29, 1987

AGENCY Center for the Aged

NUMBER #1

NAME	AYE	NAY	
REP. RON MILLER, CHAIRMAN	X		
SEN. BENGTON, V. CHAIRMAN	X		
SEN. HAFHEY		X	
SEN. TVEIT	X		
REP. MENAHAN		X	
REP. MENKE	X		

TALLY 4 2

Alice Adams
Secretary

Ron Miller
Chairman

Motion: Senator Bengtson moved that personal services
be at 97.84 FTE with the anticipation of putting in
the Gemini food service equipment.

Exhibit 1
1/29/87
George Harris
Center for Aged

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Recommendation	
			FY 1988	FY 1989
Full Time Equivalent Employees	100.24	100.24	98.84	98.84
Personal Services	2,011,976.35	1,964,264	2,146,198	2,137,965
Operating Expenses	487,015.99	542,025	511,840	522,192
Equipment	2,254.18	610	8,522	14,346
Total Agency Costs	\$2,501,246.52	\$2,506,899	\$2,666,560	\$2,674,503
General Fund	2,497,287.26	2,499,164	2,656,825	2,664,768
State Special Revenue Fund	3,959.26	7,735	9,735	9,735
Total Funding Costs	\$2,501,246.52	\$2,506,899	\$2,666,560	\$2,674,503
Current Level Services	2,501,246.52	2,506,899	2,666,560	2,674,503
Total Service Costs	\$2,501,246.52	\$2,506,899	\$2,666,560	\$2,674,503

Agency Description

The staff of the Center for the Aged offers long-term care for persons fifty-five years of age or older who have chronic mental disorders. The staff provides nursing care and recreational activities with full respect for the dignity and integrity of the residents. The admission procedures and basic guidelines for the care of the residents are found in 53-21-411 through 53-21-413 MCA.

Budget Issues

There are 1.40 FTE deleted in this agency to offset the unfunded pay plan increases.

A 4% vacancy savings is recommended for this agency.

Approximately \$29,000 is reduced from the budget base in contracted services because of the elimination of a laundry contract. A new laundry has been built at this institution. The increased costs of operating this laundry are included in the recommended budget. Audit fees are included in the FY88 budget. Inflation for food, medical supplies and utilities also increase the recommended budget.

The equipment recommendation is for a century tub, commodes, carts necessary for the new laundry, and one vehicle.

1/24/87
K. Wolcott

CENTER FOR THE AGED
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL

	FTE FY '89	Biennium	
		General Fund	Total Funds
Executive Budget	98.84	\$5,321,593	\$5,341,063
LFA Current Level	99.24	5,338,315	5,352,985
Executive Over (Under) LFA	(.40)	\$ (16,722)	\$ (11,922)

The executive budget is 0.40 FTE under LFA current level and \$16,722 under in general fund, while total funding is \$11,922 under LFA current level. The major differences between the executive budget and LFA current level are discussed in the issues that follow.

ISSUE 1: PERSONAL SERVICES

The executive personal services budget is \$9,238 under LFA current level. The difference occurs as: 1) the executive deleted 1.4 FTE compared with 1.0 FTE being deleted by LFA current level, 2) the executive budget has higher group insurance costs than LFA current level, and 3) the executive budgeted \$4,211 more in vacancy savings over the biennium than LFA current level.

ISSUE 2: AUDIT COSTS

The executive budget includes \$10,000 of audit costs in fiscal 1988 while the LFA current level consolidates institutional audit costs in the Department of Institutions Central Office.

ISSUE 3: EQUIPMENT

The executive equipment budget is \$10,965 less than LFA current level. The executive includes a vehicle not included in the LFA current level while the LFA current level includes a dish/tray handling system.

2

CENTER FOR THE AGED

Budget Item	Actual	Appropriated	- - Current Level - -		% Change 1987-89 Biennium
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	
F.T.E.	100.24	100.24	99.24	99.24	(1.00)
Personal Service	\$2,011,975	\$1,964,264	\$2,150,672	\$2,142,729	8.0
Operating Expense	487,023	542,025	504,804	524,344	0.0
Equipment	2,254	610	27,360	3,075	962.7
Total Expenditures	\$2,501,252	\$2,506,899	\$2,682,836	\$2,670,149	6.9
Fund Sources					
General Fund	\$2,497,292	\$2,499,164	\$2,675,501	\$2,662,814	6.8
State Special	3,960	7,735	7,335	7,335	25.4
Total Funds	\$2,501,252	\$2,506,899	\$2,682,836	\$2,670,149	6.9

The Center for the Aged is a residential facility for long-term care and treatment of persons in need of continued psychiatric care who are 55 years or older and transferred from Montana State Hospital or referred from Montana mental health centers. The Center was budgeted for an average daily population of 175 in the 1987 biennium. The actual population averaged 171 in fiscal 1986.

Personal services increase 8.0 percent from the 1987 biennium to the 1989 biennium. This increase results primarily from increases in employee benefit rates, specifically workers compensation. Employee benefits increase from 18 percent of salaries in the 1987 biennium to 23 percent of salaries in the 1989 biennium. The overall increase in the benefits totals 37.6 percent. Of the total biennium increase of \$315,311, benefit increases comprise 67.8 percent or \$213,831. A portion of the overall increase results from the pay increases between fiscal 1986 to fiscal 1987. Some of the increase results from the Governor's 2 percent cut in fiscal 1986 and the cuts of Special Session III.

Operating costs do not increase due primarily to the elimination of contract laundry costs and modest inflationary increases. Included in fiscal 1988 equipment is a new dish handling system that will reduce one FTE food service worker and one patient worker for a net savings of \$36,360 over the biennium.

The general fund increases 6.8 percent primarily to cover increases in personal services. The state special revenue increases 25.4 percent to allow more authority in the center's canteen program.

Fiscal 1986: Comparison of Actual Expenses to the Appropriation

The following table compares fiscal 1986 actual expenditures and funding to appropriations as anticipated by the 1985 legislature.

Table 1
Comparison of the Appropriation to Actual Expenses - Fiscal 1986

Budget Item	Legislature	Actual	Difference
F.T.E.	100.24	100.24	0.00
Personal Service	\$1,956,770	\$2,011,975	\$(55,205)
Operating Expense	556,359	487,023	69,336
Equipment	7,647	2,254	5,393
Total Expenditures	<u>\$2,520,776</u>	<u>\$2,501,252</u>	<u>\$ 19,524</u>
Funding			
General Fund	\$2,513,390	\$2,497,292	\$ 16,098
State Special	7,386	3,960	3,426
Total Funds	<u>\$2,520,776</u>	<u>\$2,501,252</u>	<u>\$ 19,524</u>

The center exceeded authorized personal services by \$55,205. The center had \$78,739 or 4 percent vacancy savings applied as well as a \$40,138 reduction from the Governor's cuts. The center only realized \$63,672 of the total reductions in personal services. The center did achieve \$69,336 of operating savings in addition to the \$11,156 reduced by the Governor's 2 percent cut. These savings were realized in contract services, supplies and materials, utilities, and repairs and maintenance. The contract services savings result from not completing the center's 1987 biennium audit budgeted at \$10,000, professional contracts were \$4,800 less than authorized, legal services were provided by the central office attorneys saving \$3,000, and all Department of Administration data processing costs have been eliminated for a savings of \$3,732. Utilities were \$11,000 less due to gas rate decreases and less usage. Savings in supplies were realized in several categories with the largest savings in food supplies of \$9,000, hospital supplies of \$6,000, and general supplies of \$14,000 offset by excess expenditures of \$5,000 for disposable briefs and \$4,000 for drugs. The center spent \$10,000 less on building and grounds maintenance, \$5,000 less on maintenance contracts, \$6,000 less on equipment and general repairs than authorized while spending \$6,000 more than authorized on shop repairs and \$3,000 more on hospital furniture repairs.

Current Level Adjustments

Personal services were decreased 1 FTE food service worker and costs for one patient worker based on the agency's request for a Gemini Therma Tray System costing \$18,121. The personal service savings total \$27,311 in fiscal 1988 and \$27,170 in fiscal 1989.

Operating costs were decreased overall by \$6,491 and the legislative audit costs for the 1989 biennium are included in the central office budget. The savings result from eliminating contract laundry costs of \$29,140. These savings are offset by

increasing insurance costs of \$2,512 per quotes from the Department of Administration, burial and autopsy costs of \$800 to allow one burial with plot each year of the biennium, laundry supplies of \$3,810 because of the new laundry facilities, paper and janitorial supply inventory adjustments of \$2,500, copy machine rental of \$1,000 to replace an old copier, utility costs of \$6,800 resulting from the expansion of the laundry as quoted by the engineer, maintenance contracts of \$1,200 to annualize contracts covering the center's personal computers, and goods purchased for resale in the canteen of \$3,268. Other minor adjustments amount to less than one percent.

Equipment included in current level totals \$27,360 in fiscal 1988 and \$3,075 in fiscal 1989. The fiscal 1988 equipment includes the tray system mentioned above costing \$18,121, a century bath tub for non-ambulatory patients costing \$7,000, new laundry carts costing \$1,124, a replacement vacuum cleaner costing \$640, and a replacement TV costing \$475. The fiscal 1989 equipment includes a replacement TV costing \$475, four wheelchairs costing \$600, and replacement of the laundry marker costing \$2,000.

General fund increases \$177,280 in fiscal 1988 and \$164,599 in fiscal 1989. This increase results primarily from the increase in employee benefits as stated above. The canteen funds increase \$3,375 each year of the biennium to accommodate more purchases for resale to the residents.

**EASTMONT TRAINING CENTER
COMPARISON OF EXECUTIVE BUDGET AND LFA CURRENT LEVEL**

	FTE FY '89	----- Biennium ----- General Fund	----- Total Funds
Executive Budget	90.52	\$4,412,828	\$4,420,828
LFA Current Level	93.02	4,478,814	4,486,814
Executive Over (Under) LFA	<u>(2.50)</u>	<u>\$ (65,986)</u>	<u>\$ (65,986)</u>

The executive budget has 2.50 FTE less than LFA current level and \$65,986 less in general fund. The differences between the executive budget and LFA current level are discussed in the two issues that follow.

ISSUE 1: PERSONAL SERVICES

The executive budget deletes 2.5 FTE that remain in LFA current level at a cost of \$72,993.

ISSUE 2: AUDIT COSTS

The executive budget includes \$10,000 of audit costs that the LFA current level has consolidated within the Department of Institutions Central Office.

Exhibit 4
1/29/83
K. Wolcott
Center for Aged

OFFICE OF BUDGET & PROGRAM PLANNING
EXECUTIVE BUDGET SYSTEM
AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

REPORT EBSR106
DATE : 01/07/87
TIME : 15/24/40

AGENCY : 6404 CENTER FOR THE AGED
PROGRAM : 30 RESIDENTIAL SERVICES
CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY			
		OBPP FY 88	LFA FY 88	DIFF FY 88	SUB-CMT FY 88
0000	FULL TIME EQUIVALENT (FTE)	98.84	99.24	- .40	---
1100	SALARIES	1,692,354	1,702,081	-9,727	---
1400	EMPLOYEE BENEFITS	395,609	391,606	4,003	---
1500	HEALTH INSURANCE	147,660	155,240	12,420	---
1600	VACANCY SAVINGS	-89,425	-87,448	-1,977	---
1800			9,143	-9,143	---
	TOTAL SECOND LEVEL	2,146,198	2,150,672	-4,474	---
2022	SUPPLIES & MATERIALS-INFLATION	18,436	17,967	469	---
2023	COMMUNICATIONS-INFLATION	206	206	---	---
2026	UTILITIES-INFLATION	6,210	6,099	111	---
2100	CONTRACTED SERVICES	33,899	24,553	9,346	---
2200	SUPPLIES & MATERIALS	299,039	298,925	114	---
2300	COMMUNICATIONS	14,517	14,896	-379	---
2400	TRAVEL	3,165	3,165	---	---
2500	RENT	1,469	1,419	50	---
2600	UTILITIES	100,769	100,647	122	---
2700	REPAIR & MAINTENANCE	24,239	26,913	-2,674	---
2800	OTHER EXPENSES	2,556	2,786	-230	---
2900	GOODS PURCHASED FOR RESALE	7,335	7,228	107	---
	TOTAL SECOND LEVEL	511,840	504,804	7,036	---
3100	EQUIPMENT	8,522	27,360	-18,838	---
	TOTAL PROGRAM	2,666,560	2,682,836	-16,276	---
01100	GENERAL FUND	2,656,825	2,675,501	-18,676	---

(3) 4

REPORT EBSR106
 DATE : 01/07/87
 TIME : 15/24/40

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6404 CENTER FOR THE AGED
 PROGRAM : 30 RESIDENTIAL SERVICES
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 88	LFA FY 88	DIFF FY 88	SUB-CMT FY 88	OBPP FY 89	LFA FY 89	DIFF FY 89	SUB-CMT FY 89
02914	CFA-CANTEEN	7,335	7,335			7,335	7,335		
02924	CFA-DONATIONS	2,400		2,400		2,400		2,400	
	TOTAL PROGRAM	2,666,560	2,682,836	-16,276		2,674,503	2,670,149	4,354	

VISITOR'S REGISTER

INSTITUTIONS

SUBCOMMITTEE

AGENCY(S) Dept. of Institutions

DATE Jan. 29, 1987

DEPARTMENT Center for the Aged

NAME	REPRESENTING	SUP- PORT	OP- POSE
<i>Virginia B. Kenyon</i>	<i>Boe of Visitors</i>	✓	
<i>Joy McElath</i>	<i>Mental Health Assn</i>		
<i>Dee Depeu</i>	<i>MPEA</i>		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT
 IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY